

**JADWA SAUDI RIYAL MURABAHA FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**Condensed Interim Financial Statements (Unaudited)**  
**For the six-month period ended 30 June 2021**  
**together with the**  
**Independent Auditor's Review Report to the Unitholders**

**JADWA SAUDI RIYAL MURABAHA FUND**  
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	PAGES
INDEPENDENT AUDITOR'S REPORT	1
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION	2
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	3
CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS	4-5
CONDENSED INTERIM STATEMENT OF CASH FLOWS	6
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	7-13



## KPMG Professional Services

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## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

# Independent auditor's report on review of condensed interim financial statements

## To the Unitholders of Jadwa Saudi Riyal Murabaha Fund

### Introduction

We have reviewed the accompanying 30 June 2021 condensed interim financial statements of **Jadwa Saudi Riyal Murabaha Fund** (the "Fund"), managed by **Jadwa Investment Company** (the "Fund Manager"), which comprises:

- the condensed interim statement of financial position as at 30 June 2021;
- the condensed interim statement of comprehensive income for the six-month period ended 30 June 2021;
- the condensed interim statement of changes in net assets (equity) attributable to the Unitholders for the six-month period ended 30 June 2021;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2021; and
- the notes to the condensed interim financial statements.

The Fund Manager is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority, the Fund's Terms and Conditions and the Information Memorandum. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2021 condensed interim financial statements of **Jadwa Saudi Riyal Murabaha Fund** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

### KPMG Professional Services

**Hani Hamzah A. Bedairi**  
License No. 460

Date: 8 Muharram 1443H  
Corresponding to: 16 August 2021



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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة مسجلة في المملكة العربية السعودية، رأسمالها (١٥.٠٠٠.٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "الشركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون"، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

**JADWA SAUDI RIYAL MURABAHA FUND**  
**An open-ended mutual fund**  
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**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

	<i>Notes</i>	<b>30 June 2021</b>	31 December 2020
		<b>(Unaudited)</b>	(Audited)
<b>ASSETS</b>			
Cash and cash equivalents	7	<b>59,746,584</b>	139,141,073
Investments	8	<b>1,026,110,594</b>	931,259,826
Accrued commission income		<b>377,117</b>	344,239
<b>Total assets</b>		<b><u>1,086,234,295</u></b>	<u>1,070,745,138</u>
<b>LIABILITIES</b>			
Management fee payable	1(c), 9	<b>119,118</b>	148,539
Accrued expenses and other liabilities		<b>85,166</b>	100,430
<b>Total liabilities</b>		<b><u>204,284</u></b>	<u>248,969</u>
<b>Net assets (equity) attributable to the Unitholders (SAR)</b>		<b><u>1,086,030,011</u></b>	<u>1,070,496,169</u>
<b>Units in issuance: (numbers)</b>			
Class A		<b><u>8,032,805.43</u></b>	<u>8,970,488.92</u>
Class B		<b><u>1,074,322.44</u></b>	<u>826,297.63</u>
Class C		<b><u>3,593,182.76</u></b>	<u>1,636,137.32</u>
<b>Net assets (equity) attributable to each unit</b>			
Class A (SAR)		<b><u>102.0021</u></b>	<u>101.3678</u>
Class B (SAR)		<b><u>120.7094</u></b>	<u>120.0094</u>
Class C (USD)		<b><u>10.1653</u></b>	<u>10.1030</u>

The accompanying notes (1) to (14) form an integral part of these condensed interim financial statements.

**JADWA SAUDI RIYAL MURABAHA FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**For the six-month period ended 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

	<i>Notes</i>	<b>For the six-month period ended 30 June</b>	
		<b><u>2021</u></b>	<b><u>2020</u></b>
Gain on investments, net	8	2,511,755	616,556
Special commission income		<u>5,310,299</u>	<u>4,283,645</u>
<b>Total revenue</b>		<b>7,822,054</b>	<b>4,900,201</b>
Management fee	1(c), 9	(813,873)	(622,601)
Other operating expenses		(476,653)	(161,060)
Foreign exchange loss		(212,315)	(232,425)
Fund Board fee	9	(7,935)	(6,550)
<b>Total operating expenses</b>		<b><u>(1,510,776)</u></b>	<b><u>(1,022,636)</u></b>
<b>Net profit for the period</b>		<b><u>6,311,278</u></b>	<b><u>3,877,565</u></b>
Other comprehensive income for the period		--	--
<b>Total comprehensive income for the period</b>		<b><u><u>6,311,278</u></u></b>	<b><u><u>3,877,565</u></u></b>

The accompanying notes (1) to (14) form an integral part of these condensed interim financial statements.

**JADWA SAUDI RIYAL MURABAHA FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)**  
**ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)**  
**For the six-month period ended 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

	<b>For the six-month period ended 30 June</b>	
	<u>2021</u>	<u>2020</u>
<b>Net assets (equity) attributable to the Unitholders at beginning of the period</b>	<b>1,070,496,169</b>	375,142,728
Net profit for the period	<b>6,311,278</b>	3,877,565
<b>Changes from units transactions</b>		
Proceeds from issuance of units		
- Class A	<b>194,294,799</b>	216,967,995
- Class B	<b>79,042,584</b>	61,356,426
- Class C	<b>99,592,456</b>	101,076,938
<b>Total Contributions by the Unitholders</b>	<b>372,929,839</b>	379,401,359
Payments made against redemption of units		
- Class A	<b>(289,550,216)</b>	(50,302,771)
- Class B	<b>(49,236,894)</b>	(95,041,824)
- Class C	<b>(24,920,165)</b>	--
<b>Total redemptions by the Unitholders</b>	<b>(363,707,275)</b>	(145,344,595)
<b>Total contribution and redemption of units</b>	<b>9,222,564</b>	234,056,764
<b>Net assets (equity) attributable to the Unitholders</b>	<b>1,086,030,011</b>	613,077,057

The accompanying notes (1) to (14) form an integral part of these condensed interim financial statements.

**JADWA SAUDI RIYAL MURABAHA FUND**  
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**CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY)**  
**ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED) (CONTINUED)**  
**For the six-month period ended 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

<b>Units transactions (numbers)</b>	<b>For the six-month period ended 30 June</b>							
	<b>2021</b>				<b>2020</b>			
<b>Units in issuance</b>	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Total</b>	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Total</b>
Units in issuance at the beginning of the period	<b>8,970,488.92</b>	<b>826,297.63</b>	<b>1,636,137.32</b>	<b>11,432,923.87</b>	--	3,177,393.52	--	3,177,393.52
Units issued	<b>1,910,415.70</b>	<b>656,909.75</b>	<b>2,613,536.57</b>	<b>5,180,862.02</b>	4,604,160.99	1,031,290.82	2,690,000.00	8,325,451.81
Units redeemed	<b>(2,848,099.19)</b>	<b>(408,884.94)</b>	<b>(656,491.13)</b>	<b>(3,913,475.26)</b>	(501,226.58)	(3,376,304.15)	--	(3,877,530.73)
Units in issuance at end of the period	<b><u>8,032,805.43</u></b>	<b><u>1,074,322.44</u></b>	<b><u>3,593,182.76</u></b>	<b><u>12,700,310.63</u></b>	<u>4,102,934.41</u>	<u>832,380.19</u>	<u>2,690,000.00</u>	<u>7,625,314.60</u>

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**JADWA SAUDI RIYAL MURABAHA FUND**  
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**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**For the six-month period ended 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

	<b>For the six-month period ended</b>	
	<b>30 June</b>	
	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Net profit for the period	6,311,278	3,877,565
<i>Adjustments for:</i>		
Gain on investments, net	(2,511,755)	(616,556)
Special commission income	(5,310,299)	(4,283,645)
	<u>(1,510,776)</u>	<u>(1,022,636)</u>
<b>Net changes in operating assets and liabilities</b>		
Purchase of investments at amortized cost	(297,929,248)	(313,711,161)
Proceeds from maturity of investments at amortized cost	242,384,777	299,834,579
Purchase of investments held as FVTPL	(179,347,201)	(238,932,294)
Proceeds from sale of investments held as FVTPL	143,818,069	81,546,592
Management fee payable	(29,421)	7,250
Accrued expenses and other liabilities	(15,264)	7,035
Fund Board fee payable	--	(1,450)
<b>Cash used in operations</b>	<u>(92,629,064)</u>	<u>(172,272,085)</u>
Special commission income received	4,012,011	4,905,501
<b>Net cash used in operating activities</b>	<u>(88,617,053)</u>	<u>(167,366,584)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	372,929,839	379,401,359
Payments made against redemption of the units	(363,707,275)	(145,344,595)
<b>Net cash generated from financing activities</b>	<u>9,222,564</u>	<u>234,056,764</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(79,394,489)</u>	<u>66,690,180</u>
Cash and cash equivalents at beginning of the period	139,141,073	10,858,342
<b>Cash and cash equivalents at end of period (Note 7)</b>	<u>59,746,584</u>	<u>77,548,522</u>

The accompanying notes (1) to (14) form an integral part of these condensed interim financial statements.

**JADWA SAUDI RIYAL MURABAHA FUND**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the six-month period ended 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

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**1. LEGAL STATUS AND PRINCIPAL ACTIVITIES**

- a) Jadwa Saudi Riyal Murabaha Fund (the “Fund”) is a trade transactions fund established and managed as per terms and conditions between Jadwa Investment Company (the “Fund Manager”) and the Fund Investors (the “Unitholders”). The Capital Market Authority’s (“CMA”) approval for the establishment of the Fund was granted in its letter number 443 dated Jumad Awal 9, 1428 H (corresponding to 26 May 2007). The Fund commenced its operations on 31 December 2007.

The Fund aims to generate market returns from investments in Sukuk, other funds and short-term Murabaha and Wakala based trade transactions that are compliant with Shariah standards approved by the Fund Manager’s Shariah Committee.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements of the Fund.

The Fund is governed by Investment Fund Regulations (the “Regulations”) published by CMA on 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended (the “amended regulations”) on 16 Sha’ban 1437 H (corresponding to 23 May 2016) and 17 Rajab 1442 H (corresponding to 1 March 2021), detailing requirements for all funds within the Kingdom of Saudi Arabia.

- b) The management of the Fund is the responsibility of the Fund Manager. However, in accordance with the Fund’s terms and conditions, the Fund Manager can delegate or assign its duties to one or more of the financial institutions in the Kingdom of Saudi Arabia and overseas. The Fund Manager of the Fund is Jadwa Investment Company and administrator and custodian of the Fund is HSBC Saudi Arabia.
- c) The Fund Manager charges the Fund a management fee of 10%, 15%, and 15% of the net appreciation with a maximum cap of annualized 0.50%, 0.75% , and 0.75% of the Fund’s asset under management of value of Class A, Class B and Class C units respectively on each valuation day. Previously the management fee was 15% of the net appreciation with a maximum cap of annualized 0.75% of the Fund’s asset under management on each valuation day up till 5 March 2020.

The Fund Manager has the right to collectively charge the Fund all other expenses related to the management of the Fund, including but not limited to audit fee and legal charges subject to limits as set out in the Fund’s terms and conditions.

**2. BASIS OF ACCOUNTING**

These condensed interim financial statements are prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and to comply with the applicable provisions of the Investment Fund Regulations issued by the Capital Market Authority (“CMA”), the Fund’s terms and conditions and the Information Memorandum. These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Fund’s annual audited financial statements for the year ended 31 December 2020.

**3. BASIS OF MEASUREMENT**

These condensed interim financial statements have been prepared on a historical cost convention, except for investments which are carried at fair value, using accrual basis of accounting and the going concern concept.

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the condensed interim statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the six-month period ended 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

**4. FUNCTIONAL AND PRESENTATION CURRENCY**

These condensed interim financial statements are presented in Saudi Arabian Riyal (“SAR”), which is the Fund’s functional currency. All amounts have been rounded to the nearest SAR, unless otherwise indicated.

**5. USE OF JUDGMENTS AND ESTIMATES**

In preparing these condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

**6. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended 31 December 2020. A number of new standards are effective from 1 January 2021, but they do not have a material effect on the Fund’s financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Fund has not early adopted any of the forthcoming new or amended standards in preparing these condensed interim financial statements.

**7. CASH AND CASH EQUIVALENTS**

	<b>30 June 2021</b>	31 December 2020
Cash at bank	<b>59,746,584</b>	139,141,073

**8. INVESTMENTS**

	<i>Notes</i>	<b>30 June 2021</b>	31 December 2020
Amortized cost:			
- Murabaha placements with original maturity of more than three months	8.1	279,077,172	239,831,531
- Wakala placements	8.1	189,702,698	172,244,614
FVTPL:			
- Units of open-ended mutual funds	8.2	515,764,621	477,790,131
- Sukuk	8.3	41,566,103	41,393,550
<b>Total</b>		<b>1,026,110,594</b>	931,259,826

8.1 This represents Murabaha and Wakala placements with a GCC bank having credit ratings. These placements have original maturities of more than three months and carry an annual profit rate ranging from 1.0% to 2.80% (31 December 2020: 2.40% to 2.80%). As at 30 June 2021, these placements included an accrued profit of SAR 3.89 million (31 December 2020: SAR 2.62 million).

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**For the six-month period ended 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

**8. INVESTMENTS (CONTINUED)**

8.2 The Fund's investments in open-ended mutual funds are as follows:

<u>Name of investee / security</u>	<u>30 June 2021</u>		<u>% of fair value to total fund investments</u>
	<u>Cost</u>	<u>Fair value</u>	
Alpha Murabaha Fund	205,196,495	207,204,516	40.17
Riyad SAR Diversified Trade Fund	171,500,000	172,423,153	33.43
Al Rajhi Commodity Fund- SAR	83,495,065	84,321,281	16.35
Riyad USD Diversified Trade Fund	51,740,052	51,815,671	10.05
<b>Total</b>	<b>511,931,612</b>	<b>515,764,621</b>	<b>100.00</b>

<u>Name of investee / security</u>	<u>31 December 2020</u>		<u>% of fair value to total fund investments</u>
	<u>Cost</u>	<u>Fair value</u>	
Alpha Murabaha Fund	175,114,044	175,813,452	36.80
Al Rajhi Commodity Fund- SAR	164,925,000	165,804,441	34.71
Riyad SAR Diversified Trade Fund	93,200,000	93,260,491	19.52
HSBC Saudi Riyal Murabaha Fund	40,056,329	40,307,008	8.44
Riyad USD Diversified Trade Fund	2,607,430	2,604,739	0.55
<b>Total</b>	<b>475,902,803</b>	<b>477,790,131</b>	<b>100.00</b>

8.3 The Fund's investments in sukuks are as follow:

	<u>30 June 2021</u>		<u>31 December 2020</u>	
	<u>Fair value</u>	<u>%</u>	<u>Fair value</u>	<u>%</u>
Dubai DOF Sukuk Limited	16,893,560	40.64	--	--
Mumtalakat Holding Company	14,697,080	35.36	14,756,352	35.65
Qatar Islamic Bank	7,303,910	17.57	7,332,970	17.71
Dubai Islamic Bank Private Limited Company	2,671,553	6.43	19,304,228	46.64
<b>Total</b>	<b>41,566,103</b>	<b>100.00</b>	<b>41,393,550</b>	<b>100.00</b>

8.4 Below are the details of gain on investments during the period ended 30 June:

	<u>2021</u>	<u>2020</u>
Realized gain on investments at FVTPL, net	822,436	440,816
Unrealized gain on investments at FVTPL, net	1,689,319	175,740
	<b>2,511,755</b>	<b>616,556</b>

**JADWA SAUDI RIYAL MURABAHA FUND**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the six-month period ended 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

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**9. RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties of the Fund include the Fund Manager and other funds managed by the Fund Manager. In the ordinary course of its activities, the Fund transacts business with the Fund Manager.

In addition to transactions disclosed elsewhere in these condensed interim financial statements, the Fund entered into the following transactions with related parties during the period. These transactions were carried out on the basis of approved terms and conditions of the Fund.

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>For the six-month period ended 30 June</u>	
			<u>2021</u>	<u>2020</u>
Jadwa Investment Company	The Fund Manager	Management fee	<u>813,873</u>	<u>622,601</u>
The Fund Board	The Fund Board	The Fund Board fee (independent member)	<u>7,935</u>	<u>6,550</u>

Balances arising from above transactions with related parties are as follows:

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of balance</u>	<u>30 June</u>	<u>31 December</u>
			<u>2021</u>	<u>2020</u>
			<u>(Unaudited)</u>	<u>(Audited)</u>
Jadwa Investment Company	The Fund Manager	Management fee payable	<u>119,118</u>	<u>148,539</u>

**JADWA SAUDI RIYAL MURABAHA FUND**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the six-month period ended 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

**9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

The transactions and balances of units held by the Fund Manager and certain Funds managed by the Fund Manager are as follows:

Related party	Nature of transaction	Amount of transactions For the period ended 30 June		Balances as at	
		2021	2020	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Jadwa Investment Fund 20	Subscription of units	2,700,000	14,500,000		
	Redemption of units	--	--	20,735,793	17,923,567
Jadwa Investment Fund 12	Subscription of units	--	25,000,000		
	Redemption of units	--	--	26,711,874	26,545,766
Jadwa International Income Fund	Subscription of units	96,194,159	101,076,901		
	Redemption of units	11,312,838	--	101,333,103	16,360,283
Jadwa International PE Fund LP	Subscription of units	1,566,659	--		
	Redemption of units	11,875,052	--	35,553,240	45,653,257
Zood Investment Fund	Subscription of units	--	--		
	Redemption of units	92,323,147	--	--	92,075,377
Jadwa REIT Al Haramain Fund	Subscription of units	--	--		
	Redemption of units	800,000	--	17,017,062	17,711,157
Jadwa REIT Saudi	Subscription of units	--	--		
	Redemption of units	14,123,488	--	--	14,052,262
Nafaqah Waqf Fund	Subscription of units	2,481,024	--		
	Redemption of units	7,000	--	2,486,382	--
Real Estate Investment Fund	Subscription of units	60,000,000	--		
	Redemption of units	--	--	60,078,925	--
Al Dar Investment Fund	Subscription of units	20,000,000	--		
	Redemption of units	--	--	20,022,731	--
Jadwa Investment Company	Subscription of units	--	40,000,000		
	Redemption of units	40,583,324	--	--	40,583,324

**10. LAST VALUATION DAY**

The Fund's units are valued on every business days and unit price is announced on the following business day. The last valuation day for the purpose of preparation of these condensed interim financial statements was 30 June 2021 (2020: 31 December 2020).

**JADWA SAUDI RIYAL MURABAHA FUND**  
**An open-ended mutual fund**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the six-month period ended 30 June 2021**  
*(Amounts in Saudi Arabian Riyals)*

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**11. FAIR VALUE MEASUREMENT**

***Fair value measurement***

The Fund measures certain financial instruments at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in assumptions about these factors could affect the fair value of financial instruments.

***Valuation models***

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. For all other financial instruments, the Fund determines fair values using other valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

***Fair value hierarchy***

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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**For the six-month period ended 30 June 2021**  
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**11. FAIR VALUE MEASUREMENT (CONTINUED)**

***Carrying amounts and fair value***

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the condensed interim statement of financial position. All fair value measurements below are recurring.

<b>Financial assets at fair value</b>	<b>Carrying amount</b>	<b>30 June 2021 (Unaudited)</b>			
		<b>Fair value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>Investments</i>					
Sukuk	<b>41,566,103</b>	<b>41,566,103</b>	--	--	<b>41,566,103</b>
Units of open-ended mutual funds	<b>515,764,621</b>	--	<b>515,764,621</b>	--	<b>515,764,621</b>
	<b>557,330,724</b>	<b>41,566,103</b>	<b>515,764,621</b>	--	<b>557,330,724</b>
		<b>31 December 2020 (Audited)</b>			
		<b>Fair value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>Investments</i>					
Sukuk	41,393,550	41,393,550	--	--	41,393,550
Units of open-ended mutual funds	477,790,131	--	477,790,131	--	477,790,131
	519,183,681	41,393,550	477,790,131	--	519,183,681

For the period / year ended 30 June 2021 and 31 December 2020 respectively, there were no transfers between levels. For financial assets and liabilities carried at amortized cost, their carrying values are a reasonable approximation of fair value.

**12. IMPACT OF COVID-19**

The COVID-19 pandemic continues to disrupt global markets as many geographies are experiencing a resurgence of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns and strict social distancing rules. The Government of the Kingdom of Saudi Arabia (“the Government”) however has managed to successfully control the outbreak to date, owing primarily to the unprecedented yet effective measures taken by the Government, following which the Government has ended the lockdowns and has taken phased measures towards normalization including mass immunization.

However, the Fund continues to be cognisant of both the micro and macroeconomic challenges that COVID-19 has posed, the teething effects of which may be felt for some time and is closely monitoring its exposures.

**13. EVENTS AFTER THE END OF THE REPORTING PERIOD**

There are no events subsequent to the condensed interim statement of financial position date which require adjustments of or disclosure in the financial statements or notes thereto.

**14. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were authorized for issue by the Fund Manager on 8 Muharram 1443H (corresponding to 16 August 2021).